

Message Text

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E.O. 11652 N/A

TAGS: EAGR, UR

SUBJECT: USSR: OILSEED SITUATION

REF: STATE 10895, AND FASTO 170,

PASS USDA/FAS/OILSEEDS & PRODUCTS DIV.

1. ASST. ATTACHE AND KEATON HELD MEETINGS AT MINISTRIES OF AGRICULTURE, PROCUREMENT AND FOOD INDUSTRY, WITH MIN FOOD INDUSTRY MUCH MORE FORTHCOMING.

2. REF. STATE INDICATED CONFERENCE ESTIMATE 1976 SUNFLOWER CROP 6.0 MILLION TONS ON 5.0 MILLION HECTARES. THIS MAY HAVE BEEN MISTRANSLATION AT CONFERENCE. MIN. AG. ADVISED ABOVE STATISTICS WERE AVERAGES FOR PAST FIVE-YEAR PLAN (1971-75), WHICH 1975 TSIFRAKH CONFIRMS. MINISTRIES OF PROCUREMENT AND FOOD INDUSTRY DID INDICATE ESTIMATE 6.0 MILLION TONS FOR SUNFLOWER SEED GOOD ESTIMATE. WHILE MINAG INDICATED SUNFLOWER PRODUCTION MAY BE ABOVE 6.0 MILLION, MINFOOD INDUSTRY EXPLAINED THAT LIMITING FACTOR ON HIGHER CROP AT THIS TIME WAS DRYNESS IN SOUTHERN KRASNODAR KRAY, STAVROPOL KRAY IN AREAS BORDRING THE KUBAN, AREAS SOUTHERN UKRAINE (CRIMEA, KHERSON, NIKOLAYEV AND ODESSA OBLASTS) AND SOUTHERN MOLDAVIA. AGATTACHE ESTIMATE REMAINS AT 6.4 MILLION TONS.

3. ALL THREE MINISTRIES INDICATED AN AVERAGE CROP OF SOYBEANS WAS
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EXPECTED THIS YEAR AROUND 500,000 TONS. DELAYED SPRING WAS ONE FACTOR IDENTIFIED AS LIMITING GREATER PRODUCTION. CONDITIONS

REPORTED GENERALLY FAVORABLE IN FAR EAST WITH SUFFICIENT WARMTH AND MOISTURE.

4. FLAX SEED PRODUCTION REPORTEDLY OCCUPYING AROUND 250,000 HECTARES, TO YIELD ABOUT FIVE CENTNERS PER HECTARE.

5. OIL SEED CRUSHING CAPACITY IDENTIFIED AS FOLLOWS: (1,000 METRIC TONS)

SUNFLOWER SEED	--STATE PLANTS	6,500
	--COOPERATIVES	1,500
COTTON SEED		450
SOYBEANS		500
FLAX SEED		150
CASTOR BEANS		100
MUSTARD		100
RAPE SEED		002
TOTAL		9,302

MINFOOD INDUSTRY INDICATED ABOUT 15-20 PERCENT EXCESS CRUSHING CAPACITY TO BE EXPANDED DURING 10TH FIVE-YEAR PLAN TO ACCOMMODATE EXPECTED PRODUCTION OILSEEDS. EXPANSION TO BE REALIZED PRIMARILY THROUGH RECONSTRUCTION OLD EXISTING PLANTS VERSUS NEW PLANT CONSTRUCTION.

6. RECENT SOYBEANS PURCHASED WILL BE CRUSHED IN FAR EAST, UKRAINE, CAUCASUS AND BALTIC AREA. PROCESSING PLANT LOCATED IN ALL AREAS OF COUNTRY, BUT CENTERED IN AREAS OF PRODUCTION VOLGA, CAUCASUS, UKRAINE AND MOLDAVIA, AND NOT IN AREAS OF CONSUMPTION. HOWEVER, SMALL PLANTS LOCATED IN MOSCOW, LENINGRAD, BELORUSSIA AND BALTIC AREAS WHICH SPECIALIZE IN MARGARINE OR OTHER PROCESSES.

7. OFFICIALS DID NOT KNOW IF ADDITIONAL PURCHASES WOULD BE MADE IN 1976-77. FINAL DECISION WOULD COME FROM HIGHER GOVERNEMENT LEVEL. PROCESSING OF 1.7 MILLION TON PURCHASE NOT TO BE BEGUN UNTIL AFTER JANUARY 1, 1977.

8. SUNFLOWER SEED PROCESSING FACILITIES ARE USED FOR SOYBEAN EXTRACTION. SOLVENT EXTRACTION METHOD USED FOR SOYBEAN PROCESSING FOR FOOD USE.
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9. MINAG DOES NOT WANT TO IMPORT SOYBEAN MEAL OR OIL SEPARATELY, INDICATING COUNTRY PRODUCES ENOUGH COTTON SEED, FLAX SEED AND SUNFLOWER SEED MEAL TO MEET PROTEIN REQUIREMENTS; YET STATED THEY LIKED TO IMPORT SOYBEANS, BECAUSE OF ITS HIGHER PROTEIN QUALITY FOR LIVESTOCK FEEDS AND OIL FOR MARGARINE AND OTHER USES.

10. MIN FOOD INDUSTRY INDICATED USSR PURCHASING SOYBEANS NOT FOR OIL, BUT FOR PROTEIN PURPOSES. THEY WOULD PREFER TO

PURCHASE ONLY MEAL, BUT BELIEVE IN RECENT YEARS SOYBEANS HAVE BEEN BETTER BUY.

11. WHEN ASKED IF SOYBEAN PURCHASES COMBINED WITH GOOD DOMESTIC OIL SEED PRODUCTION, WOULD CREATE PRESSURE ON AVAILABLE CRUSHING CAPACITY, MINFOOD INDUSTRY INDICATED SITUATION HAS NEVER BEFORE OCCURRED. BUT IF NEED BE, ADDITIONAL SUNFLOWER SEED COULD BE EXPORTED (UNPROCESSED) AND SOYBEANS COULD BE STORED FOR FUTURE PROCESSING. THIS FEATURE OF SOYBEANS WAS OF SPECIAL IMPORTANCE TO MIN FOOD INDUSTRY OFFICIAL.

12. MIN FOOD INDUSTRY OFFICIAL EXPRESSED STRONG INTERENST IN PURCHASING TWO TO THREE MILLION TONS U.S SOYBEANS UNDER LONG-TERM AGREEMENT. -- TEN TO 15 YEARS. HE INDICATED, WHILE HE DID NOT HAVE THE AUTHORITY TO ENACT SUCH, HE WOULD FAVOR SUCH AGREEMENT HE STATED MIN FOOD DID NOT LIKE SWITCHING FROM U.S. BEANS WHEN THEY ARE SHORT TO BRAZILIAN BEANS. INTERESTED IN PROCESSING SOYBEANS ON CONTINUING BASIS AT SAME PROCESSING PLANTS TO AVOID SWITCHING TO SUNFLOWER SEED PROCESSING AND BACK TO SOYBEANS.

13. MIN FOOD INDUSTRY INDICATED STRONG INTEREST IN LEARNING MORE OF U.S. SOYBEAN, SUNFLOWER AND COTTON SEED PROCESSING AT PLANNED OCTOBER SEMINAR IN MOSCOW. SUGGEST ADVANGAGES IN PURCHASING MEAL BE ALSO IDENTIFIED AT SEMINAR.

14. RECOMMENDATION: USG FOLLOW UP ON MIN FOOD INDUSTRY DESIRE FOR LONG-TERM AGREEMENT OF SOYBEAN SALES TO USSR.
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